

EDUCATION SYSTEM IMPROVEMENT PROGRAM

(AR-0176)

EXECUTIVE SUMMARY

Borrower and guarantor:	The Government of the Argentine Nation	
Executing agency:	The Federal Ministry of Education (MEN) through the Subsecretariat of Basic Education (SSEB)	
Amount and source:	IDB (OC):	US\$600 million
	Local:	US\$600 million
	Total:	US\$1.2 billion
Financial terms and conditions:	Amortization period:	25 years
	Disbursement period:	5 years
	Grace period:	5 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	U.S. dollar, Single Currency Facility
Objectives:	<p>The objective is to support the provinces in improving the quality, equity and efficiency of the education system, contributing to a more pertinent supply and a reduction in social inequity through more years of schooling for young people from poor families, which will improve their employability. The program focuses on attaining the objectives of secondary school education reform,¹ which has not yet been fully implemented in most of the provinces, and on targeted support for students at greatest social and educational risk.</p> <p>Specifically, the program is designed to: (i) increase the coverage of secondary education; (ii) reduce drop-out rates in grades 7 to 9 (cycle 3), particularly among students from low-income families; (iii) reduce repeater rates and over-age students; (iv) improve academic performance in language, mathematics, and social and natural sciences; and (v) boost the efficiency of spending on education. The indicators for measuring compliance with the objectives during the program are presented in the table listing targets (paragraph 2.2).</p>	

¹ See the description of the levels and cycles in the Argentine education system in paragraph 1.8, Graph I-2.

Description: To achieve these objectives, the program will finance actions to consolidate secondary school reform, intended to: (i) improve the quality of the education system (infrastructure, reorganization of teaching staff, school materials, teacher training, and the incorporation of information and communications technologies) (ii) improve equity (support for supply through school materials and projects to keep students in school and support for demand through bursaries to promote student retention); and (iii) boost management efficiency (systems of regulation and control for the Federal Ministry of Education, human resource management in the provinces and monitoring of teachers and students in schools). The subcomponents and lines of action described in the logical framework (Annex II-1) are summarized below.

1. Reform and expansion of secondary education (US\$840.3 million), which includes three subcomponents.

a. Improvement in secondary school quality (US\$162.4 million). This subcomponent will have three lines of action: (i) *Institutional and curricular reorganization of schools (US\$66.6 million)*. The objectives of this line of action are to make teaching time more effective and improve the academic performance of students. Financing will be provided for technical assistance, school support materials and the upgrading of infrastructure, to enable teachers' working hours to be reorganized so they can work for most of their time in the same school, which will allow them to teach fewer classes but for more hours. (ii) *Human resource development (US\$72.2 million)*. School-based training for teachers will be financed to support the new way of working under consolidated timetables, through in-person and distance education. (iii) *Establishment of education adaptation and innovation centers (US\$23.6 million)*. Financing will be provided for materials, equipment and coordinators to establish the centers, which are intended to provide teachers with multimedia teaching resources and information systems to support school-based training.

b. Support for equity (US\$402.4 million). This subcomponent will have three lines of action. (i) *Bursaries (US\$300 million)*. Stage two of the national student bursary program will be financed. This stage takes account of the lessons learned in stage one and adjustments have been made in technical aspects and execution. Every year, 140,000 bursaries of US\$400 each, payable in two equal installments, will be granted to students in grades 7 to 9 (cycle 3) and the first year of the composite

(polymodal) cycle (grade 10) whose families live below the poverty line. The bursaries will be renewed for students who meet performance criteria, without the need for a new selection process. (ii) *School student retention projects (US\$50.5 million)*. Financing will be provided for a fund to which schools with students who receive bursaries can gain access to purchase materials and equipment and to contract services for educational activities that provide additional support to keep under-performing students in school. (iii) *Teaching resources and textbooks (US\$51.9 million)*. Textbooks and literary works will be distributed to schools and students who receive bursaries to reinforce specialized teaching for under-performing students.

- c. **Expansion of coverage and upgrading of school buildings (US\$275.5 million)**. This subcomponent includes the following lines of action: (i) construction of new schools (US\$159 million); (ii) major renovations (US\$47.8 million); (iii) minor renovations (US\$28.7 million); and (iv) school equipment (US\$40 million).

Funds will be provided for the construction and outfitting of new schools to serve the growing demand for secondary education. New works will be built to replace schools in poor condition that cannot be renovated because they are obsolete or suffer from structural defects. Schools that are overcrowded will be enlarged if they are located in areas where the population is growing. Schools that have become run down will be renovated and put back into good operating condition. The criteria for prioritizing these investments by geographic area will be: the socioeconomic level of the population to be served, estimated demand for secondary education and the structural safety of school buildings.

2. **Incorporation of information and communications technologies into the education system (US\$256.1 million)**

This component consists of the following five subcomponents: (a) basic training for teachers, principals and administrative staff (US\$8.6 million); (b) advanced school-based training (US\$10.3 million); (c) procurement and production of training and teaching materials (US\$2.2 million); (d) connectivity infrastructure (US\$72.6 million); and (e) provision of computer equipment (US\$162.4 million).

The purpose of this component is to adapt education to market demand through the incorporation of information technology into teaching practices. Two main types of activities will be

undertaken to achieve this objective. First, equipment, infrastructure and connectivity will be completed, with the necessary technical support, for all schools offering the different cycles of general basic and composite education and for teacher training institutes. Second, investments will be made in training in the use of management information systems in schools in the form of two pilot projects to provide training and management models, which will be extended under the program to all schools, depending on the results.

3. Strengthening education system management (US\$47 million)

The federal and provincial education ministries will be given tools and mechanisms to boost their efficiency in spending on education, through the installation and upgrading of systems for planning, regulation, evaluation and control of the education system, which will ensure compliance with quality and equity standards in a context of efficient spending. Three subcomponents will be included.

- a. Federal Ministry of Education (MEN) (US\$9.2 million).** Technical assistance and equipment will be financed to upgrade the statistical information system and software will be installed to operate as ‘control panels’. Basic information will be included on students, teachers, infrastructure, equipment and costs, indicators for monitoring and measuring impact in terms of school performance, teacher/student ratio, teacher/administrative staff ratio, cost per student, etc., which will permit the MEN to carry out its functions in the fields of planning, regulation and quality control.
- b. Provincial ministries (US\$30.8 million).** Equipment, software and technical assistance for the installation of information systems and technologies to permit the reorganization of the management and control of human, financial and material resources will be financed.
- c. Schools (US\$7 million).** Technical assistance, software and equipment will be financed for the design and installation of a school management information systems for greater efficiency in resource management and accounting.

The Bank's country and sector strategy:

The Bank's strategy for the coming years in Argentina, consistent with the government's program, the Eighth Replenishment and the Forty-first Annual Meeting of the Board of Governors of the Bank, has the following objectives: (i) sustainable growth in the productive sectors and higher productivity; (ii) poverty reduction and a better quality of life; (iii) reform of the State and fiscal balance; and (iv) entrenchment of regional integration.

The proposed program responds directly to items (ii) and (iii) of the strategy. The Bank's support will be used, among other things, to strengthen the management, planning and administrative areas of the federal and provincial ministries of education to enable them to undertake reform and investment programs. The Bank is also supporting reforms in primary, secondary and technical education that respond to the recommended lines of action, through other operations.

Environmental and social review:

Since the works are not complex and the construction period will be short, the program is not expected to have any significant direct environmental impact (paragraph 4.12).

Benefits:

This operation will consolidate institutional capacity and strengthen education system management on the federal, provincial and school levels and improve integration of those levels, which will make for better planning. The investments will improve the quality and relevance of secondary education, student access and performance. The end result will be an increase in student retention rates and learning levels, which will translate into more years of schooling and better future employability and productivity of young people, especially those who are less favored. The incorporation of information and communications technologies into teaching activities will also help to raise the quality of education, by providing teachers with a highly-effective teaching tool and greater relevance of subject matter, bringing education closer to market demand for employees with information and communications skills. These benefits are particularly relevant for students at a social disadvantage who are most affected by the consequences of the digital gap (paragraph 4.15).

Risks:

Weak institutional capacity in some provinces could make it difficult for them to join the program immediately. To ensure their inclusion from the outset, the ministry's International Financing Unit (UFI) will provide technical assistance for those provinces in preparing annual reform and investment plans. A monitoring system will also be developed to detect provinces that require technical assistance during the program. Last, participation in the component to strengthen education system management is compulsory for all provinces, which will help to strengthen and prepare them in this area.

The government wishes to improve efficiency in the use of teacher time by consolidating teacher working hours in the same school. This means that existing contracts for hours/subjects in different schools will have to be changed to contracts focused on a single school. Reformulation of the contracting systems could lead to resistance from teachers' unions if this measure is seen as an attempt to amend the teachers' statutes that guarantee special labor benefits to the unions. To mitigate this risk, the program will support reformulation of teacher contracting systems through direct work with the schools, accompanying the consolidation of teaching hours with additional class-preparation and professional development time, included as part of their working hours. This is a large incentive for teachers, since they currently perform those activities after work.

**Special
contractual
clauses:**

Conditions precedent to the first disbursement

1. Making adjustments in the UFI based on criteria agreed upon with the Bank (paragraph 3.3)
2. Placing the Operating Regulations in effect (paragraph 3.16).
3. Signing participation agreements with at least three provinces (paragraph 3.12).
4. Reaching agreements between the MEN and other public agencies for the maintenance of computer equipment (paragraph 3.56).

Other contractual clauses

1. *Disbursements to provinces.* Before disbursements will be made to provinces they will be required to (i) sign a participation agreement; (ii) open specific bank accounts for the program; and (iii) set up a provincial executing unit based on the criteria established in the Operating Regulations. Once these requisites have been complied with, the UFI can disburse funds to enable the provinces to begin executing the management component, which does not require presentation of specific plans by the provinces (paragraph 3.14).
2. *Disbursements for components.* Disbursements for program activities in each province will be contingent upon: (i) approval of the national provincial annual operating plan by the SEB; and (ii) approval by the MEN's technical units of the specific plans for each component. The first disbursement for the information and communications technology component will be conditional on establishing a consultative council and the first disbursement for bursaries will be subject to approval by the Bank of the

methodology and terms of reference for evaluating the impact of this line of action (paragraph 3.15).

3. *Evaluation and monitoring.* Within 60 days after the end of each semiannual period, the UFI will present reports to the Bank on physical, financial and technical progress. The reports submitted 24 months after the initial report and six months after project completion will also include mid-term and final internal and external evaluations, based on the terms of reference annexed to the Operating Regulations (paragraph 3.63).
4. *Cost recognition.* As requested by the MEN, spending of up to US\$50 million on goods and services after 31 March 2000 will be recognized from the local counterpart, provided that procedures substantially similar to those established in the loan contract have been followed. This sum represents spending on works and equipment and furniture for new and/or expanded schools (paragraph 3.65).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project (paragraph 4.10), as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

The operation as a whole does not qualify as a poverty-targeted investment (PTI) since the number of beneficiaries living below the Bank's poverty line is not 50 percent of total beneficiaries (paragraph 4.11).

Exceptions to Bank policy:

None.

Procurement:

Bank procedures will be applied. For consulting services, the procedures established in document GN-1679-3 will be followed, which authorize consulting services to be contracted using price as an evaluation criterion and fixed-price contracts for consultants. International competitive bidding will be required for service contracts over US\$200,000, goods costing US\$350,000 and over and works costing US\$3 million and over (paragraph 3.44). It has been agreed with the Bank that postqualification can be used for contracts for simple works (the majority of the works proposed) (paragraph 3.48). Except for the first bid, the documentation for procurements of goods and contracts for works below the above-mentioned thresholds will be subject to ex post verification. Given the considerable number of consulting services required for the program and to streamline execution and facilitate Bank supervision, it is recommended that the Bank's prior nonobjection only be required for contracts with consulting firms or individual consultants worth more than US\$100,000 and US\$50,000, respectively (paragraph 3.45).